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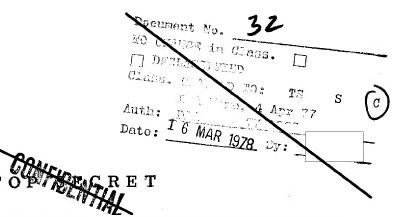
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GENERAL

1. Gruber reviews Austrian treaty situation -- US Minister Erhardt in Vienna has been informed by Austrian Foreign Minister Gruber that a bluntly worded note will be delivered to the Soviet Foreign Office, insisting on the resumption of the Austro-Soviet financial talks (which have been delaying the treaty negotiations in London). Gruber reiterated the hope that the Western deputies in London would reach agreement with the Soviet deputy on all issues other than financial settlement for the USSR in Austria so that blame for failure to conclude a treaty would be placed squarely on the USSR. The Austrian Foreign Minister added that strong words from the Austrians and the Western Powers might have a "restraining influence" upon the USSR in its plans for Austria and expressed the fear that prolonged Soviet occupation might lead to communization of eastern Austria and to eventual partition of the country. Erhardt comments that Gruber would like to arouse similar apprehensions among the Western Powers as a means of ensuring a determined effort to obtain an agreement on a treaty.

State Dept. review completed



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Approved For Release 2008/06/30 : CIA-RDP78-01617A006100060045-5